

## **Information on Board Committees and their Activities**

### **Board Committees**

— The creation of Board Committees and other such oversight bodies enables the members of the Governing Board to efficiently manage their time and ensure the proper understanding and resolution of all issues affecting the PMDC and the proper handling of all other concerns and allows the Board to effectively utilize the expertise of its Directors.

The Board shall constitute the proper committees to assist them in performing their duties and responsibilities, providing each of the committees with written terms of reference defining the duties, authorities and the composition of the committees constituted. The committees shall report to the entire Board as a collegial body and the minutes of their meetings shall be circulated to all members of the Board. The existence of the committees shall not excuse the Board of its collective responsibility for all matters that are within the primary responsibility and accountability of the Board.

As a minimum, the Board shall be supported by the following specialized committees:

- 1. Executive Committee** — The Executive Committee shall be composed of five (5) members of the Board, with the Chairman of the Board being the Committee Chairman.

The Executive Committee, in accordance with the authority granted by the Board, or during the absence of the Board, shall act by a vote of at least four (4) of its members on such specific matters within the competence of the Board as may from time to time be delegated to the Executive Committee in accordance with the PMDC's By-laws, except with respect to:

- (a) Approval of any action for which shareholders' approval is also required;
- (b) Filling of vacancies on the Board or in the Executive Committee;
- (c) Amendment or repeal of By-laws or the adoption of new By-laws;
- (d) Amendment or repeal of any resolution of the Board which by its express terms cannot be amended or subject to repeal;
- (e) Distribution of cash dividends; and
- (f) Exercise of powers delegated by the Board exclusively to other committees.

- 2. Audit Committee** — The Audit Committee shall consist of at least three (3) Directors, whose Chairman should, as much as possible, have audit, accounting or finance background. The Committee shall be responsible for the following:

(a) Overseeing, monitoring and evaluating the adequacy and effectiveness of the PMDC's internal control system, engage and provide oversight of the PMDC's internal and external auditors, and coordinate with the Commission on Audit (COA);

(b) Reviewing and approving audit scope and frequency, the annual internal audit plan, quarterly, semi-annual and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal, regulatory and COA requirements;

(c) Receiving and reviewing reports of internal and external auditors and regulatory agencies, and ensuring that Management is taking appropriate corrective actions, in a timely manner in addressing control and compliance functions with regulatory agencies;

(d) Ensuring that internal auditors have free and full access to all the PMDC's records, properties and personnel relevant to and required by its function and that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results; and

e) Developing a transparent financial management system that will ensure the integrity of internal control activities throughout the PMDC through a procedures and policies handbook that will be used by the entire organization.

**3. Governance Committee** — The Governance Committee shall assist the Board in fulfilling its corporate governance responsibilities. The Committee shall be composed of at least three (3) members of Board, and chaired by the Chairman of the Board. The Committee shall be responsible for the following:

(a) Overseeing the periodic performance evaluation of the Board and its committees and Management; and also conducting an annual self-evaluation of their performance;

(b) Deciding whether or not a Director is able to and has been adequately carrying out his/her duties as director bearing in mind the director's contribution and performance (e.g., competence, candor, attendance, preparedness and participation). Internal guidelines shall be adopted that address the competing time commitments that are faced when directors serve on multiple boards;

(c) Recommending to the Board regarding the continuing education of Directors, assignment to Board Committees, succession plan for the Executive Officers, and their remuneration commensurate with corporate and individual performance; and

(d) Recommending the manner by which the Board's performance may be evaluated and proposing objective performance criteria to be approved by the Board. Such performance indicators shall address how the Board will enhance long-term shareholder value.

**4. Nomination and Remunerations Committee** — The Nomination and Remunerations Committee shall consist of at least three (3) members of the Board. The Committee shall be responsible for the following:

(a) Installing and maintaining a process to ensure that Officers to be nominated or appointed shall have the qualifications and none of the disqualifications mandated under the law, rules and regulations;

(b) Reviewing and evaluating the qualifications of all persons nominated to positions in the PMDC which require appointment by the Board;

(c) Recommending to the GCG nominees for the shortlist in line with the PMDC's and its subsidiaries' Board composition and succession plan; and

(d) Developing recommendations to the GCG for updating the CPCS and ensuring that the same continues to be consistent with the PMDC's culture, strategy, control environment, as well as the pertinent laws, rules and regulations.

**5. Risk Management Committee** — The Risk Management Committee shall consist of at least three (3) members, with, as much as possible, at least one member having a background in finance and investments. The Risk Management Committee shall be responsible for the following:

(a) Performing oversight risk management functions specifically in the areas of managing credit, market, liquidity, operational, legal, reputational and other risks of the PMDC and crisis management, which shall include receiving from Senior Management periodic information on risk exposures and risk management activities;

(b) Developing the Risk Management Policy of the PMDC, ensuring compliance with the same and ensuring that the risk management process and compliance are embedded throughout the operations of the PMDC, especially at the Board and Management level; and

(c) Providing quarterly reporting and updating the Board on key risk management issues as well as ad hoc reporting and evaluation on investment proposals.

**6. Legal Matters Committee** - The Legal Matters Committee shall be composed of at least three (3) Directors, whose Chairman should have experience as a legal practitioner. The Committee shall be responsible for the following:

(a) Overseeing, monitoring, and evaluating the handling of all cases brought by PMDC or instituted against it including its officers and staff in the course of the performance of their official functions; and

(b) Develop policies and guidelines in the proper conduct of the Company's business to avoid possible controversies and legal cases.

**7. Security Management Committee** - The Security Management Committee shall be composed of at least three (3) Directors, whose Chairman should as much as possible be a retired Senior Officer of the AFP with expertise on all aspects of security matters and related concerns. The Security Management Committee shall be responsible for the following:

(a) Adequacy and effectiveness of all Security Systems in all PMDC areas and assets, and if none, to develop a security plan including appropriate protocol system for its effective implementation;

(b) Sufficient provisions for appropriate security equipment including ammunitions, in coordination with Second Party as referred to and defined in the Memorandum of Agreement between PMDC and AFP dated June 2019, as well as training and operations and all related concerns of the CAAC II deployed at the DMRA and such other areas where PMDC operates;

(c) Peace and order security in the DMRA to ensure the enhancement of PMDC's assets value, sustaining growth and stimulating economic activities in the area;

(d) Security Threats within the DMRA as well as all PMDC controlled and managed areas; threats to all PMDC and JOA partners personnel, as well as to facilities and related installations constructed by PMDC; and

(e) To do and perform such other functions as may be assigned by the Board of Directors to the BSMC from time to time.

**8. Environmental Concerns Committee** - The Environmental Concerns Committee shall be composed of at least three (3) Directors. The Committee shall be responsible for the following:

(a) Monitor and regulate irresponsible mining operation and processing of ore in all areas of operation of PMDC nationwide;

(b) Oversee and monitor the management of mine wastes and mill tailings in a technically, financially, socially, culturally and environmentally acceptable manner. For this purpose, the Committee shall monitor the appropriate utilization of the storage tailings dam facilities in Mabatas for the disposition of all mining waste of ball-millers and CIP operators in the DMRA and other areas under the administration of PMDC;

(c) Oversee, monitor and regulate the entry of explosives, hazardous and toxic chemicals (e.g. potassium cyanide, mercury and other similar substances) within the DMRA and other areas under the administration of PMDC;

(d) Monitor compliance by the Company of policies, circulars, rules and regulations promulgated by the Department of Environment and Natural Resources (DENR) or the Mines Geosciences Bureau (MGB) relating to responsible mining and environmental protection.

(e) To do and perform such other functions as maybe assigned by the Board of Directors to the BECC from time to time.

### **Activities of Board Committees**

#### **CY 2014**

1. Risk Management Committee meeting held last **28 August 2014** at Philippine Mining Development Corporation (PMDC) Board Room.
2. Nomination and Remuneration Committee meeting held last **28 August 2014** at Philippine Mining Development Corporation (PMDC) Board Room.
3. Risk Management Committee meeting held last **24 September 2014** at Philippine National Oil Company (PNOC)

#### **CY 2015**

1. Risk Management Committee meeting held last **13 August 2015** at Philippine Mining Development Corporation (PMDC) Board Room.
2. Nomination and Remuneration Committee meeting held last **13 August 2015** at Philippine Mining Development Corporation (PMDC) Board Room.

#### **CY 2016**

1. Audit Committee meeting held last **22 February 2016** at Philippine Mining Development Corporation (PMDC) Board Room.

### CY 2017

1. Governance Committee meeting held last **11 December 2017** at Philippine Mining Development Corporation (PMDC) Board Room.

### CY 2018

1. Governance Committee meeting held last **12 January 2018** at Philippine Mining Development Corporation (PMDC) Board Room.

### CY 2019

There was no Board Committee meeting held during CY 2019.

### CY 2020

1. Risk Management Committee Meeting held on **04 March 2020** at Philippine Mining Development Corporation (PMDC) Depot Office.
2. Joint Committee Meeting of the Security Management Committee, Risk Management Committee and Legal Matters Committee held last **05 March 2020** at Seda Abreeza Hotel, J.P. Laurel Ave., Abreeza Ayala Business Park, Davao City.
3. Security Management Committee meeting held last **29 May 2020** via Zoom teleconference.
4. Environmental Concerns Committee meeting held last **18 June 2020** via Zoom teleconference.
5. Legal Matters Committee meeting held on **17 July 2020** via Zoom teleconference.
6. Audit Committee meeting held on **17 July 2020** via Zoom teleconference.
7. Security Management Committee meeting held on **17 July 2020** via Zoom teleconference.
8. Environmental Concerns Committee meeting held on **17 July 2020** via Zoom teleconference.
9. Security Management Committee meeting held on **19 August 2020** via Zoom teleconference.
10. Environmental Concerns Committee meeting held on **19 August 2020** via Zoom teleconference.
11. Legal Matters Committee meeting held on **20 August 2020** via Zoom teleconference.
12. Audit Committee meeting held on **20 August 2020** via Zoom teleconference.
13. Joint Committee Meeting of the Risk Management Committee and Audit Committee held on **04 September 2020** via Zoom teleconference.
14. Nomination and Remunerations Committee Meeting held on **06 November 2020** via Zoom teleconference.
15. Audit Committee Meeting held on **06 November 2020** via Zoom teleconference.
16. Security Management Committee Meeting held on **11 December 2020** via Zoom teleconference.

### CY 2021

1. Environmental Concerns Committee meeting held on **21 May 2021** via Zoom teleconference
2. Environmental Concerns Committee meeting held on **03 June 2021** via Zoom teleconference.
3. Legal Matters Committee meeting held on **28 July 2021** via Zoom teleconference.
4. Audit Committee meeting held on **28 July 2021** via Zoom teleconference.

5. Environmental Concerns Committee meeting held on **07 September 2021** via Zoom teleconference
6. Legal Matters Committee meeting held on **12 October 2021** via Zoom teleconference.

#### **CY 2022**

1. Legal Matters Committee meeting held on **30 May 2022** via Zoom teleconference
2. Audit Committee meeting held on **16 June 2022** via Zoom teleconference
3. Legal Matters Committee meeting held on **16 June 2022** via Zoom teleconference
4. Nomination and Remuneration Committee meeting held on **24 June 2022** via Zoom teleconference
5. Nomination and Remuneration Committee meeting held on **18 July 2022** via Zoom teleconference
6. Audit Committee meeting held on **28 November 2022** via Zoom teleconference

#### **CY 2023**

1. Joint Meeting of the Nomination and Remuneration Committee and Legal Matters Committee held on **12 April 2023** via Zoom teleconference
2. Audit Committee meeting held on **23 June 2023** via Zoom teleconference